

HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

Ding Sheng Xin Finance Co. Limited

ABN or equivalent reference

64 603 612 479

Reporting period

Half-year ended 30 June 2016

Previous corresponding period

Half-year ended 30 June 2015

The information contained in this report should be read in conjunction with the most recent annual financial statements.

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HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	up	12.2 %	to \$ 12.982m
Profit(Loss) after income tax from continuing operations	down	10.68 %	to \$ 8.394m
Profit(Loss) from discontinued operations		None	
Net profit (loss) for the period attributable to members	down	10.68 %	to \$ 8.394m

Dividends per Share

	Amount per share	Franked amount per share
Final	- cents	- cents
Interim	- cents	- cents

The Group is not proposing to pay a dividend

HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current Period	Previous corresponding
32.4c	N/a

3. DETAILS OF SUBSIDIARIES

3.1 Control Gained Over Entities During the Period

Control was not gained over any subsidiaries during the period

3.2 Loss of Control of Entities During the Period

Control was not gained over any subsidiaries during the period

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounted Associates and Joint Venture Entities

There are no equity accounted associates or joint venture entities

4.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

There are no equity accounted associates or joint venture entities

5. DIVIDENDS

There are no proposed dividends

**Ding Sheng Xin Finance Co.
Limited**

Interim Report
For the period ended 30 June 2016



鼎盛鑫融资担保

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Director's Report

Your directors submit the financial report of the Group for the half-year ended 30 June 2016.

Directors

The names of directors who held office during or since the end of the half-year is:

Mr Zhenhua Guo	Managing Director
Ms Chen Chang	Chairperson, Non-Executive Director
Ms Wenfeng Tang	Executive Director, Chief Operating Officer, Chief Executive Officer of PRC Operations
Mr James Zhong	Non-Executive Director
Ms Kathy Yuan	Non-Executive Director
Mr Winton Willesee	Executive Director

Review of operations

During the half year, the Group has progressed the establishment of three new branches in China, being its Hainan, Liaoning and Qinghai branches. All three branches are progressing through the various stages of government and regulatory approvals, construction and fit out, hiring and training of staff and marketing and promotion. The increased branch numbers extend the footprint of company, establish brand awareness and increase the number of customers to whom the company products will be available.

The group has also launched two new products in the period, being:

- “Zheng Zhuang Dai Fa”: a new finance guarantee product, similar to the Group’s existing products, targeting customers with existing loans seeking refinancing terms; and
- “Geng Xin Huan Dai”: a new finance guarantee product, similar to the Group’s existing products, targeting provincial government customers seeking to finance local infrastructure projects through bank funding.

The Group has been encouraged by ongoing support and interest in the its activities and will continue to capitalize on this momentum with targeted marketing and promotional activities focused on establishing brand and product awareness to position the Group as a leading provider of financing and non-financing guarantee products in China and Australia.

The Group is committed to the concept of ‘inclusive finance’, believing that people and businesses from all sectors of society should have the opportunity to obtain finance. The Group takes immense pride in providing guarantee services which promote social and economic growth such as its “Working Capital Guarantee” for SMEs and its “Home Decoration Guarantee” tailored for individuals and families and new products.

Following its successful listing on the ASX in March 2016, the Group is now focused on the continued growth of its business through the expansion of its branch network throughout the PRC.

Rounding of Amounts

The company satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 3.

The Director's report is signed in accordance with resolution of the Directors:



Mr Zhenhua Guo
Managing Director

Dated 31 August 2016

Auditor's Independence Declaration under S307C of the Corporation Act 2001 to the Directors of Ding Sheng Xin Finance Co. Limited

I declare that, to my the best to my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of

- i. The auditor independence requirements as set out in the *Corporation Act 2001* in relation to the review, and
- ii. Any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Jim Gouskos', written over a horizontal line.

Jim Gouskos
Director

Assurance Adelaide Pty Ltd
(Formerly Moore Stephens Assurance Adelaide Pty Ltd)

Dated this 31st day of August 2016

Statement of Profit or Loss and Other Comprehensive Income

For the half -year ended 30 June 2016

	Note	Consolidated Half-year Ended 30 June 2016 \$'000	Company Half-year Ended 30 June 2015 \$'000
Revenue	2	12,982	11,570
Other income	3	1,221	2,284
Operating expenses		(1,276)	(754)
Administration expenses		(3,022)	(2,436)
Finance costs		(6)	(8)
Profit before income tax		9,899	10,656
Income tax expense		(1,505)	(1,258)
Profit for the period attributable to owners		8,394	9,398
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Foreign currency translation differences		(6,456)	9,164
Other comprehensive income for the period, net of tax		(6,456)	9,164
Total comprehensive income for the period		1,938	18,562
		cents	cents
Earnings per share for profit attributable to the owners of Ding Sheng Xin Finance Co. Limited			
Basic earnings per share		1.64	n/a
Diluted earnings per share		1.64	n/a

These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Current assets			
Cash and cash equivalents	4	114,994	90,109
Trade and other receivables	5	21,730	17,523
Other assets	6	144	74
Pledged bank deposits	7	36,685	52,005
Total current assets		173,553	159,711
Non-current assets			
Trade and other receivables	5	2,805	2,876
Pledged bank deposits	7	11,005	7,536
Property, plant and equipment	8	784	1,124
Other assets	6	197	204
Intangible assets	9	18	20
Total non-current assets		14,809	11,760
Total assets		188,362	171,471
Current liabilities			
Liabilities from guarantees	10	5,082	6,380
Liabilities from insurance contracts	11	10,254	2,272
Other current liabilities	12	1,570	3,905
Income tax payable	13	999	558
Total current liabilities		17,905	13,115
Non-current liabilities			
Liabilities from guarantees	10	1,333	2,119
Liabilities from insurance contracts	11	999	282
Other non-current liabilities	12	507	527
Total non-current liabilities		2,839	2,928
Total liabilities		20,744	16,043
Net assets		167,618	155,428
Equity			
Issued capital	14	93,802	83,550
Reserves	15	26,912	32,930
Retained earnings		46,904	38,948
Total equity		167,618	155,428

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half-year ended 30 June 2016

	Company				
	Share Capital	Retained Earnings	Statutory Reserve	Foreign Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	82,077	28,919	1,206	21,310	133,512
Comprehensive income					
Profit for the half year	-	9,398	-	-	9,398
<i>Other comprehensive income</i>					
Foreign currency translation differences	-	-	-	9,164	9,164
Total comprehensive income for the half year	-	9,398	-	9,164	18,562
Reserve Transfers					
Transfer to statutory reserve	-	(470)	470	-	-
Balance at 30 June 2015	82,077	37,847	1,676	30,474	152,074
	Consolidated				
Balance at 1 January 2016	83,550	38,948	1,791	31,139	155,428
Comprehensive income					
Total comprehensive income for the half year					
Profit for the year	-	8,394	-	-	8,394
<i>Other comprehensive income</i>					
Foreign currency translation differences	-	-	-	(6,456)	(6,456)
Total comprehensive income for the half year	-	8,394	-	(6,456)	1,938
Transactions with owners, in their capacity as owners					
Contributions of equity, net of transaction costs	10,252	-	-	-	10,252
Total transactions with owners	10,252	-	-	-	10,252
Reserve Transfers					
Transfer to statutory reserve	-	(438)	438	-	-
Balance at 30 June 2016	93,802	46,904	2,229	24,683	167,618

These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half-year ended 30 June 2016

	Note	Consolidated Half-year Ended 30 June 2016 \$'000	Company Half-year Ended 30 June 2015 \$'000
Cash flows from operating activities			
Receipts from customers		27,128	26,287
Receipt/(Payments) from/(to) pledged bank deposits		9,821	9,420
Payments to guarantee holders, suppliers and employees		(17,881)	(20,412)
Interest received		316	488
Finance costs		(6)	(8)
Income tax paid		(1,045)	(582)
Net cash provided by (used in) operating activities		18,333	15,193
Cash flows from investing activities			
Purchase of property, plant and equipment		(16)	(104)
Proceed from sale of non-current assets		-	56
Net cash provided by (used in) investing activities		(16)	(48)
Cash flows from financing activities			
Cash receipts(Advanced) From(to) non related parties		37	1,104
Cash receipts(Advanced) From(to) related parties		6	3,313
Proceeds from issue of shares		10,268	-
Net cash provided by (used in) financing activities		10,311	4,417
Net change in cash and cash equivalents held		28,628	19,562
Exchange rate impact on cash flow		(3,743)	3,631
Cash and cash equivalents at beginning of financial period		90,109	51,840
Cash and cash equivalents at end of financial period	4	114,994	75,033

These financial statements should be read in conjunction with the accompanying notes.

Ding Sheng Xin Finance Co. Limited
Notes to Financial Statements
For the half year ended 30 June 2016

1 Statement of significant accounting policies

These general purpose interim financial statements for the half-year reporting period ended 30 June 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ding Sheng Xin Finance Co. Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 31 August 2016.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

2 Revenue

	Consolidated	Company
	30 June 2016	30 June 2015
	\$'000	\$'000
Operating activities		
Financial guarantee fee income	7,842	6,790
Premium fee income - other guarantee	4,857	4,374
Agency fee income	283	406
Total revenue	12,982	11,570

3 Other Income

	Consolidated	Company
	30 June 2016	30 June 2015
	\$'000	\$'000
Other Income		
Interest income	315	488
Interest income – guarantee fee receivable	479	1,323
Interest income – premium fee receivable	395	453
Other sundry income	32	20
Total other income	1,221	2,284

4 Cash and Cash Equivalents

	Consolidated 30 June 2016	Consolidated 31 December 2015
	\$'000	\$'000
Current		
Cash on hand	52	49
Cash at bank	114,942	90,060
Total current cash and cash equivalent	114,994	90,109

5 Trade and Other Receivables

		Consolidated 30 June 2016	Consolidated 31 December 2015
	Note	\$'000	\$'000
Current			
Guarantee Fee Receivable	5(i)	3,144	1,565
Subrogation Receivables	5(ii)	10,271	11,143
Less: allowance for doubtful debts		(1,031)	(1,055)
		12,384	11,653
Other receivables	5(iv)	157	153
Guarantee Fee Contract Receivable	5(iii)	2,427	3,544
Premium Contract Receivable	5(iii)	6,762	2,173
Total current trade and other receivables		21,730	17,523
Non-current			
Other receivables	5(iv)	215	266
Guarantee Fee Contract Receivable	5(iii)	2,590	2,610
Total non-current trade and other receivables		2,805	2,876

(i) Guarantee fee receivables represent fee income receivable from customers.

(ii) Subrogation receivables represent payment made by the Group to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because the customers fail to make payment when due and is the acquired right to the impaired loan that the Group has assumed under the terms and conditions of the financial guarantee contracts it writes. Subrogation receivables are interest bearing and the Group holds certain collaterals over certain customers.

(iii) Guarantee fee contract receivables and premium contract receivable represent the present value of future cash flows in relation to existing contracts.

(iv) Other receivables mainly represents unsecured loans to employees of the Group and to external third parties.

Ding Sheng Xin Finance Co. Limited
Notes to Financial Statements
For the half year ended 30 June 2016

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6 Other assets

	Consolidated 30 June 2016	Consolidated 31 December 2015
	\$'000	\$'000
Current		
Prepayment	144	74
Total other current assets	144	74
Non-current		
Prepayment	197	204
Total other current assets	197	204

7 Pledged bank deposits

	Consolidated 30 June 2016	Consolidated 31 December 2015
	\$'000	\$'000
Current	36,685	52,005
Non-current	11,005	7,536
Total pledged bank deposits	47,690	59,541

8 Property, Plant and Equipment

	Consolidated 30 June 2016	Consolidated 31 December 2015
	\$'000	\$'000
Furniture and Fittings		
At cost	412	412
Accumulated depreciation	(224)	(183)
Total Furniture and Fittings	188	229
Office Equipment		
At cost	712	747
Accumulated depreciation	(563)	(524)
Total Office Equipment	149	223
Motor Vehicles		
At cost	1,754	1,824
Accumulated depreciation	(1,307)	(1,152)
Total Motor Vehicles	447	672
Total property, plant and equipment	784	1,124

9 Intangible Assets

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Computer software	27	27
Accumulated amortisation	(9)	(7)
Total Intangible Assets	18	20

10 Liabilities from guarantees

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Current liabilities		
Deferred income – Financial guarantee contracts	4,765	6,010
Provision for guarantee losses	317	370
Total current liabilities from guarantees	5,082	6,380
Non-current liabilities		
Deferred income – Financial guarantee contracts	1,333	2,119
Total Non-current Provisions	1,333	2,119

Provision for guarantee losses and unexpired risk liability represents the estimated amount the company may be required to repay the guaranteed debt of customers.

Movement in deferred income for financial guarantee contracts

	\$'000	\$'000
Current balance at 31 December 2015	6,010	
Non-current balance at 31 December 2015	2,119	
		8,129
Income deferred during the period		5,811
Income recognised during the period		(7,842)
		6,098
Closing balance at 30 June 2016		6,098
Comprising:		
Current balance at 30 June 2016	4,765	
Non-current balance at 30 June 2016	1,333	
		6,098

Ding Sheng Xin Finance Co. Limited
Notes to Financial Statements
For the half year ended 30 June 2016

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11 Liabilities from insurance contracts

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Current liabilities		
Deferred income – Other guarantee	9,687	2,133
Unexpired risk liability	567	139
Total current liabilities from insurance contracts	10,254	2,272
Non-current liabilities		
Deferred income – Other guarantee	999	282
Total Non-current liabilities from insurance contracts	999	282

Movement in deferred income for other guarantee contracts

	\$'000	\$'000
Current balance at 31 December 2015	2,133	
Non-current balance at 31 December 2015	282	
		2,415
Income deferred during the period		13,128
Income recognised during the period		(4,857)
Closing balance at 30 June 2016		10,686
Comprising:		
Current balance at 30 June 2016	9,687	
Non-current balance at 30 June 2016	999	
		10,686

12 Other Current Liabilities

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Current		
Wages and Salaries Payables	196	607
Other payables	956	2,886
Related party payable	418	412
Total other current liabilities	1,570	3,905
Non-current		
Other payables	507	527
Total other non-current liabilities	507	527

13 Taxation

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Current		
Current tax liability	999	558
Total tax liability	999	558

14 Issued Capital

	Consolidated 30 June 2016 \$'000	Consolidated 31 December 2015 \$'000
Share capital	93,802	83,550
Total Issued Capital	93,802	83,550

15 Reserves

Statutory Reserve

Pursuant to the current People's Republic of China Company Law, the Chinese subsidiary is required to transfer 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches a minimum of 50% of the registered capital.

Foreign Currency Translation Reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operation to Australian dollars.

16 Events After the Balance Sheet Date

The Group had signed agreements on the 11th July 2016 with the Honourplus Funds Management and FX Plus Trading Academy Pty Ltd for equity investment into both companies whereby DXF will subscribe for 20% of the issued capital of each company for an investment of \$200,000.

17 Dividends

No dividends were paid or provided for.

18 Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities are assumed to approximate their fair value.

19 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

20 Earnings per share

Comparative information for earnings per share and net tangible assets has not been provided. The Group entities in the comparative period operated using contributed capital rather than issuing shares. As a result there is no available denominator.

21 Financial Instrument Risk Management

As at 30 June 2016, the carrying value of outstanding guarantees of \$997,258,525 (31 December 2015: \$615,123,040) is fully or partially covered by collateral.

At 31 December the total maximum guarantees issued are as follows:

	Consolidated	Consolidated
	30 June	31 December
	2016	2015
	\$'000	\$'000
Financial guarantee	407,638	455,857
Performance guarantee	587,409	139,411
Litigation guarantee	2,211	19,855
Total	997,258	615,123

The total maximum guarantees issued represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted.

22 Company Details

The registered office of the Company is:

Ding Sheng Xin Finance Co. Limited
Suite 25
145 Stirling Highway
Nedlands, WA 6009

Director's Declaration

In accordance with a resolution of the directors of Ding Sheng Xin Finance Co. Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 14 are in accordance with the *Corporation Act 2001* including,
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Mr Zhenhua Guo
Managing Director

Dated this 31st day of August 2016

ASSURANCE ADELAIDE PTY LTD

ASIC Approved Authorised Audit Company

ABN 26 139 429 691
C/- Level 1, 100 Hutt Street, Adelaide SA 5000, Australia
Telephone: +61 407 187 705

*Liability limited by a scheme approved under
Professional Standards Legislation*

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DING SHENG XIN FINANCE CO. LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ding Sheng Xin Finance Co. Limited and its controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Ding Sheng Xin Finance Co. Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Ding Sheng Xin Finance Co. Limited's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ding Sheng Xin Finance Co. Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ding Sheng Xin Finance Co. Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ding Sheng Xin Finance Co. Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Ding Sheng Xin Finance Co. Limited's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**ASSURANCE ADELAIDE PTY LTD
(FORMERLY MOORE STEPHENS ASSURANCE ADELAIDE PTY LTD)**

A handwritten signature in black ink, appearing to read 'Jim Gouskos', written over a horizontal line.

**JIM GOUSKOS
DIRECTOR
ADELAIDE**

Dated this 31st day of August 2016